

Transformation of the capital market stability model under the influence of the financial globalization

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Abstract

© 2015, Asian Social Science. All rights reserved. In the course of economic globalization a process of formation of the united financial market has evolved. Integratedness of different sectors of financial market into its global form is largely stipulated by development of financial innovations and of new financial instruments. Subagent and timeless nature of modern financial transactions leads to blurring of distinction between money and capital markets. The united market means a gradual merge of financial risks and increase of volumes and unpredictability of aggregate risk in the result of synergetic effect contained in the nature of financial market as of a nonlinear dynamical system. Serious influence on stability of financial market has a behavioral psychology of its participants that is connected with reflexivity specific to financial capital. Financial market can be described only by nonlinear stochastic equations. In this article we made the efforts to set the parameters for such a model. Basing on non-stability of a global financial market and under influence of globalization factors it was concluded that it is necessary to check the hypotheses on formation of a financial cycle apart from general business cycle.

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Keywords

Financial cycle, Financial globalization, Financial market stability, Nonlinear dynamical systems, Securitization